

EXHIBIT 1

INTRODUCTION

Respondent Hector Delgado was a successful candidate for councilmember of the South El Monte City Council in the March 4, 2003 election. Respondent Delgado is currently a member of the South El Monte City Council. Respondent Friends of Hector Delgado (the “Committee”) is the controlled committee of Respondent Delgado. During all relevant times, Respondent Delgado served as the treasurer of the Respondent Committee.

The Political Reform Act (the “Act”)¹ requires a candidate and his or her controlled committee to file periodic campaign statements and to accurately disclose specified information on those campaign statements. Additionally, the Act requires candidates, their controlled committees, and the treasurers of those committees to maintain the detailed accounts, records, bills, and receipts that are necessary to prepare campaign statements, to establish that campaign statements were properly filed, and to comply with the campaign reporting provisions of the Act. In this matter, Respondents failed to disclose the source of a contribution of \$100 or more on a post-election semi-annual campaign statement. Respondents also failed to maintain the records necessary to prepare the semi-annual campaign statement, for the period February 16, 2003 through June 30, 2003, to establish that the campaign statement was properly filed, and to comply with the campaign reporting provisions of the Act.

For the purposes of this Stipulation, Respondents’ violations are stated as follows:

COUNT 1: Respondents Hector Delgado and Friends of Hector Delgado failed to disclose the source of a contribution of \$100 or more, in a post-election semi-annual campaign statement, for the reporting period February 16, 2003 through June 30, 2003, filed on July 28, 2003, in violation of Section 84211, subdivision (f).

COUNT 2: Respondents Hector Delgado and Friends of Hector Delgado failed to maintain the detailed accounts, records, bills, and receipts necessary to prepare the semi-annual campaign statement, for the reporting period of February 16, 2003 through June 30, 2003, to establish that the campaign statement was properly filed, and to comply with the campaign reporting provisions of the Act, in violation of Section 84104.

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

PROCEDURAL HISTORY

On July 27, 2007, a Report in Support of a Finding of Probable Cause (“probable cause report”) was personally served on Respondent Delgado individually and on behalf of Respondent Committee. Service of the probable cause report tolled the applicable statute of limitations.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish these purposes of disclosure.

Duty to Disclose Contributor Information on Campaign Statements

Section 84211, subdivision (f) requires a candidate and his or her controlled committee to report on each campaign statement, the following information about a person if the cumulative amount of contributions received from that person is \$100 or more and a contribution has been received from that person during the reporting period covered by the campaign statement: (1) the contributor’s full name; (2) the contributor’s street address; (3) the contributor’s occupation; (4) the name of the contributor’s employer, or if self-employed, the name of the contributor’s business; (5) the date and amount of each contribution received from the contributor during the reporting period; and (6) the cumulative amount of contributions received from the contributor.

Duty to Maintain and Retain Campaign Records

To ensure accurate campaign reporting, Section 84104 imposes a mandatory duty on each candidate, treasurer, and elected officer to maintain detailed accounts, records, bills and receipts that are necessary to prepare campaign statements, to establish that campaign statements were properly filed and to comply with the campaign reporting provisions of the Act. This requirement, as further stated by Regulation 18401, includes a duty to maintain detailed information and original source documentation for all contributions and expenditures.

Regulation 18401, subdivision (b)(2), requires the filer of the committee campaign statements to retain the above described campaign records for four years following the date that the campaign statement to which they relate is filed.

Treasurer Liability

Under Section 84100 and Regulation 18427, subdivision (a), it is the duty of a committee’s treasurer to ensure compliance with all requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee’s treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

SUMMARY OF THE FACTS

Respondent Hector Delgado was a successful candidate for councilmember of the South El Monte City Council in the March 4, 2003 election. Respondent Delgado is currently a member of the South El Monte City Council.

Respondents filed a post-election semi-annual campaign statement (Form 460), for the period February 16, 2003 through June 30, 2003, on July 28, 2003. This statement disclosed total contributions received in the aggregate amount of \$4,025, but failed to include the required Schedule A on which itemized and unitemized contributions must be disclosed. More particularly, when a committee receives a contribution of \$100 or more, the Schedule A must disclose the full name, address, and zip code of the contributor, along with the contributor's employment information and the amount of the contribution.

In this matter, the Enforcement Division investigation revealed that although it was not disclosed on the above-described statement, Respondents received one contribution of \$100 or more during the reporting period. The contribution was received from Citizens for Better Government Committee, a general purpose committee, on February 28, 2003 in the amount of \$1,250.

Respondents also failed to maintain many required financial records that would enable the Enforcement Division to readily determine whether the campaign statement, for the reporting period of February 16, 2003 through June 30, 2003, was properly prepared. Significantly, Respondents did not maintain bank statements, contributor cards, or copies of contributor checks.

Respondent Delgado produced bank copies of bank statements and bank copies of cancelled expenditure checks, only after retrieving the records from the Respondent Committee's bank in compliance with a subpoena issued by the Enforcement Division.

In response to the Enforcement Division investigation, Respondents filed an amended semi-annual campaign statement, for the period February 16, 2003 through June 30, 2003, which discloses Respondents' receipt of the February 28, 2003 contribution from Citizens for Better Government Committee.

COUNT 1

Failure to Disclose the Source of a Contribution of \$100 or More on a Post-Election Semi-Annual Campaign Statement.

Respondents Hector Delgado and Friends of Hector Delgado failed to disclose the source of a contribution of \$100 or more, in a post-election semi-annual campaign statement, for the reporting period February 16, 2003 through June 30, 2003, filed on July 28, 2003, in violation of Section 84211, subdivision (f).

COUNT 2

Failure to Maintain Detailed Records for the Post-Election Semi-Annual Campaign Statement for the Reporting Period February 16, 2003 through June 30, 2003.

Respondents Hector Delgado and Friends of Hector Delgado failed to maintain detailed accounts, records, bills, and receipts necessary to prepare the semi-annual campaign statement, for the reporting period February 16, 2003 through June 30, 2003, to establish that the campaign statement was properly filed, and to comply with the campaign reporting provisions of the Act, in violation of Section 84104.

CONCLUSION

This matter consists of two counts, which carry a maximum possible administrative penalty in the amount of Ten Thousand Dollars (\$10,000).

In determining the appropriate penalty for a particular violation of the Act, the Enforcement Division considers the typical treatment of a violation in the overall statutory scheme of the Act, with an emphasis on serving the purposes and intent of the Act. Additionally, the Enforcement Division considers the facts and circumstances of the violation in context of factors such as: the seriousness of the violations; the presence or lack of intent to conceal, deceive or mislead; whether the violations were deliberate, negligent, or inadvertent; whether the Respondent demonstrated good faith in consulting with Commission staff; whether there was a pattern of violations; and whether the Respondent, upon learning of the violations, voluntarily filed appropriate amendments to provide full disclosure.

Count 1 involves a campaign reporting violation. The public harm inherent in these types of violations, where pertinent information is not disclosed, is that the public is deprived of important information such as the sources and amounts of a contribution. The typical administrative penalty for this type of violation has varied based on the circumstances of the violation, such as the total dollar amount not reported and whether the information should have been reported on a pre-election or post-election campaign statement.

Regarding Count 1, Respondents failed to disclose the source of a \$1,250 contribution on a post-election semi-annual campaign statement. This contribution comprised 31% of the contributions reportedly received during the subject reporting period. However, although the source of the \$1,250 was not disclosed, the total amount of contributions disclosed included this amount. Additionally, Respondents have no prior record of violations of the Act. Based on the particular facts and circumstances of this matter, an administrative penalty in the amount of \$1,500 is appropriate for this violation.

Regarding Count 2, Respondents failed to maintain financial records as required by the Act. The typical stipulated administrative penalty for the failure to maintain detailed accounts, records, bills, and receipts, is within the low-to-middle end of the penalty range, depending on the circumstances of the case. In this matter, Respondents failure to maintain required records (1) prevented the Enforcement Division from readily ascertaining whether the campaign statement was properly prepared and (2) required the Enforcement Division to issue a subpoena to obtain

bank records, which were necessarily incomplete as bank records comprise only a portion of the records that committees must maintain. Based on the particular facts and circumstances of this matter, an administrative penalty in the amount of \$1,000 is appropriate for this violation.

The facts of this case justify the imposition of the agreed upon administrative penalty of Two Thousand Five Hundred Dollars (\$2,500).